



OTI / DAI-PSI PROJECT

**Semi-annually Performance Report
For The Period Dec. 1, 2001 through May. 31, 2002**

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OPERATIONS UNDER PSI (December 2001-May 2002)

The Program Support Initiative (PSI) project allows DAI to continue providing high-quality grant implementation and management support to USAID’s Office of Transition Initiatives. The PSI contract is a continuation of the work DAI has done with OTI for the last three years under the SWIFT (AOT-I-01-98-00199-00) project, which ended May 31, 2002.

During the first semi-annual reporting period of this contract, project operations faced the unique challenge of achieving a seamless transition from SWIFT to PSI. This entailed providing uninterrupted services to OTI while complying with contractual and programmatic requirements associated with the start-up of PSI and the close-out of SWIFT.

Staffing

After over two years with the project Erika Kirwen, DAI's expatriate Country Program Implementation Manager, left in March. She was replaced in April by Ignacio Sainz. Mr. Sainz is a lawyer with over three years of experience in project management in Indonesia, and will supervise the grants management and implementation staff of the PSI project.

Raya Fitriasaki joined the DAI staff in January as a part-time administrative assistant, supporting the work of the program development staff based in Surabaya. From January to May, DAI also received excellent temporary support from Eko Widiatoro, Kamalludin, and Shantih. These three former employees of our regional offices were brought to Jakarta as short-term consultants to review and audit financial and program records for all the grants under SWIFT, going through a final close-out process in preparation for the transition to the PSI contract.

Meetings

In February the OTI/DAI team had a one-day retreat in Jakarta to discuss the program's strategic focus. Led by the OTI Country Director and the DAI Chief of Party, this strategy session was attended by OTI staff, DAI expatriate staff and grants managers, and representatives from USAID Jakarta, and was facilitated by Judith Dunbar, a trained facilitator and DAI home office staff member from Bethesda.

The group reviewed the program's current focus on the conflict areas. Participants discussed best practices and the strengths and weaknesses of various types of grant activities. It was decided that the West Timor portfolio would be gradually phased out, and the Papua portfolio would be narrowed to an exclusive focus on special autonomy, in order to facilitate an eventual handover to USAID/DG. The Maluku, North Maluku, Aceh and civil-military focus areas would continue at their current levels, and central Sulawesi was reactivated as a program focus area, with an assessment and new activities to be carried out in the near future.

Visitors

The project benefited from several TDY visitors during this period.

- Michelle Otterman, a program development and monitoring specialist, spent four weeks in Indonesia in March, assisting OTI with monitoring and evaluation, as well as the development of new programs in Maluku and Papua.

- Tanya Torres, DAI MIS Development Specialist, made two trips to Jakarta (in February and April) to create a new DAI grants management database for all grants funded under PSI.
- In January Hugh Lewin and Fiona Lloyd, media specialists, came to conduct the “Communicating for Humanity” training sessions for local grantees from Aceh and Java.
- As mentioned previously, Judith Dunbar, Bethesda-based DAI project associate, traveled to Jakarta to facilitate the team strategy session.
- In April Vishalini Lawrence, DAI’s Bethesda-based Business Manager, came to Jakarta for a six week short-term assignment. She oversaw the closeout of the SWIFT contract, and supervised the installation of improved financial and other management systems for the new PSI contract.

Contract Transition Dates and Costs

The PSI contract “Support for the BHR/OTI Program in Indonesia and East Timor” (HAD-C-00-01-00136-00) became effective on 12/01/01. According to the transition plan negotiated with USAID, on March 1, 2002 all new grants developed for the Indonesia program were charged exclusively to the PSI contract. Operational costs were shared across the two contracts on a prorated basis through May 31, 2002, the last day of the SWIFT contract.

Financial Performance

A total of \$3,618,711.40 of the DAI SWIFT obligated budget of \$11,878,184 has been spent and invoiced through May 2002 (this figure includes both Indonesia and East Timor.)

For the Indonesia program, \$231,648.36 in operations and \$918,653.94 in grants has been billed as of May 31, 2002.

Civil-Military Relations

General Developments

Civil-Military relations in Indonesia in the period between March and June 2002 were marked by growing conservatism both within the TNI (Armed Forces of Indonesia) elite and civilian politicians in charge of security and defense. Believing that a tough approach

towards separatism and communal clashes is needed in order to maintain Indonesia as a unitary state, military and civilian leaders have sidelined crucial issues of security sector reform, such as revising TNI's anachronistic command structure and bringing its troops under tight civilian control. Changing international priorities have also contributed to the stagnation in military reform. Coinciding with the paralysed public discourse on reform was the appointment of vocal conservative officers to key military positions. Gen. Endriartono Sutarto replaced Admiral Widodo as Commander-in-Chief in June, regaining the top post for the army after a two-year interregnum by the navy. Gen. Ryamizard Ryacudu succeeded Endriartono as Army Chief of Staff, proudly announcing that he will act like an "engine-driver who hits everyone standing irregularly on the track." Ryamizard himself was replaced as Commander of the Strategic Reserve by Let.Gen. Bibit Waluyo, an outspoken opponent of further structural reform to the Army's command system.

The renewed conservative mode has had direct consequences for government policies on security issues and TNI's position towards them. In Aceh, the military has been virtually given a free hand to pursue its offensive against the separatist movement GAM. By the end of June, Cabinet seemed to be close to deciding on a status of military emergency for the troubled province. Such a move would bring Aceh under direct military administration, further destabilizing the already-weak civilian leadership of the province and effectively withdrawing the special autonomy status granted in 2001. At the national level, TNI has openly opposed efforts to grant its members voting rights in the 2004 general elections. Aware that the granting of such rights would erode TNI's claim on its political privileges, the military leadership was quick in expressing its rejection of the proposal. It instead lobbied for continued representation in the Assembly, a representation that for decades has been automatic and disproportionate. Civilian politicians appeared to be prepared to give in to TNI's demands, hoping that the military might return the favor in the form of political support.

Program Activities

The program activities of OTI-DAI's civil-military relations program in Indonesia focused between January and June 2002 on three key areas: first, the drafting of new legislation regulating the security sector; second, the monitoring of the East Timor human rights trials; and third, reform concepts for TNI's future command structure.

In the area of new legislation, OTI-DAI supported the drafting of and academic reviews on several bills: the Armed Forces Bill, the State Emergency Act, the Political Bills, and the Anti-Terrorism Bill.

The Armed Forces Bill is currently being prepared by TNI Headquarters, with an OTI-DAI-funded team of civilian military experts providing input from the very start of the drafting process. The team will engage at all levels of the drafting and deliberation procedures, from the next stage at the Department of Defense to the final deliberation at Parliament. The Armed Forces Bill spells out the technical details of military

management and its civilian control mechanisms. It follows the more general outlines provided by the State Defense Bill, drafted by the same team of civilian military observers and passed late last year.

In addition to the drafting process of the Armed Forces Bill, OTI-DAI has been sponsoring reviews of the State Emergency Act, which regulates the conditions for the declaration of civil or military emergency in certain territories; the Political Bills, which will determine the issue of voting rights for TNI members and their representation in the legislature; and the Anti-Terrorism Bill, which will set out the framework for dealing with acts of international and domestic terrorism.

In the second area, the human rights trials stemming from the post-referendum violence East Timor, OTI-DAI supported a monitoring project focusing on the political and legal aspects of the trials. Senior military officers are accused of instigating the destruction of East Timor after the country voted for independence from Indonesia in September 1999. During the trials, however, TNI has successfully portrayed itself as a helpless security force trapped between two sides of a civil war. Neither the prosecutors nor the judges have undertaken serious attempts to establish cases of systematic and widespread human rights violations, making acquittals almost a certainty.

The OTI-DAI-funded project has analyzed the legal maneuvers through which TNI attempted to escape legal responsibility, and has made these reports available to the public. It also provided additional material to prosecutors and judges. Although the political context appears set for acquittals, the monitoring project will make it much more difficult for judges to justify them.

The third focus of OTI-DAI's civil-military relations program was on developing concepts for the structural reform of Indonesia's armed forces. OTI-DAI-sponsored teams debated possible changes to TNI's command structure with senior officers at the TNI Staff and Command School in Bandung. In addition, civilian military experts designed reform proposals to revise the army's territorial command structure. These proposals were debated with military leaders and senior parliamentarians from Commission I, responsible for defense and security affairs. While the pace of military reform in Indonesia is going from slow to stagnant, OTI-DAI's programs play a key role in facilitating debate on the issue and promoting the creation of a legal framework necessary for any future reform steps.

PAPUA

Background/ Recent Developments

The political situation in Papua has remained generally calm this period, even though both the provincial and central governments have not yet finalized an agenda for continued progress in the case of the controversial death of Papuan separatist leader Theys Eluay.

After lengthy and thorough discussions since February, DPRD Papua finally approved the RAPBD (proposed regional budgeting bill) into APBD (approved regional budget) at the end of April. Four out of eleven legislative factions walked out during the final vote. Altogether, 18 legislators voted “refused” while 27 voted “accepted” for the APBD. Those who refused argued that the executive branch had not yet incorporated the feedback and concerns raised by the public. They also indicated that government had neglected to do substantive public consultation while designing the RAPBD.

Following the debate on the budget, the Papuan Vice-Governor Konstan Karma led an initiative to follow up on stakeholders’ feedback regarding the formation of the MRP (the People’s Consultative Council, establishment of which was mandated by the Special Autonomy bill for Papua.) He previously stated this commitment in a workshop hosted by OTI/DAI grantee FKP3 to gather public input on the procedure and mechanism for electing women representatives to the MRP. The result from FKP3’s program was used as the basis for discussions in a greater and more diverse audience. The Vice-Governor appointed a consortium of NGOs and other groups to lead discussions on the formulation of draft Perda (regional laws) for the procedures and mechanism of electing MRP members, and to establish criteria for candidates for the MRP.

In the area of human rights, OTI/DAI has shifted focus from field-based interventions to a more policy-oriented approach. The program has been working with Kontras Papua to develop a comprehensive set of recommendations for the executive and legislative branches to implement the mandate of Otsus (Special Autonomy law) for improvement of the condition of human rights in Papua. Otsus mandated the establishment of three new bodies to improve human rights practices in Papua: the KKR (Truth and Reconciliation Commission), the Komnas Ham – Papua branch, and a new Human Rights Court. Until now, there has been no action from the government to establish any of these institutions. The grant with Kontras Papua is expected to lead the discussion on this issue, and provide input for the government to follow-up.

Program Activities

(1) Good Governance Program

FOKER. Through a grant with local NGO Foker Papua, OTI/DAI has been involved in the budgeting process and advocacy of APBD. The program has resulted in increased awareness from the legislative members, the executives and the public in general. It has produced considerable impact, triggering serious and thorough discussions within the Provincial DPRD. Even though few of the improvements or suggested revisions were actually incorporated into the RAPBD, this program enriched the Papuan public with new discourses of transparency and democracy. This was the most open and critical discussion on the Provincial Budget in Papuan history, leading to factions within the DPRD producing different statements on the Provincial Budget for the first time. Additionally, ordinary Papuans were seeing and following the debates on RAPBD through the media, and became actively involved in the discussions about RAPBD through radio dialogues and polling activities. As a result, the public has become more

aware of the need for public control over the budgeting process and its implementation to ensure transparency and accountability of the government. Another measurable impact of this program was the request to OTI/DAI grantee Foker by political parties in DPRP to support them and offer technical assistance on the advocacy of APBD implementation.

KIPRA, YWL and SANTA LUCIA. OTI/DAI grantee Kipra has also followed up on the momentum created by Foker's activities, by facilitating public interest in good governance through the formation of a Civic Forum in the city of Jayapura. The Forum is now focusing on the implementation of APBD, questioning how the budget will be spent, what is the bidding processes for projects, and requesting details on what projects will be conducted, including a list of locations and names of "Pimpro" (Project Team Leaders) and "Benpro" (Treasurers of Projects). The response of government officials to this inquiry was varied, but mostly encouraging. Some, like the Vice-Governor, were very responsive: immediately following the Civic Forum sessions he convened a meeting of all Pimpros and Benpros, warning them not to allow manipulative practices in their projects.

The call for transparency has also developed in other parts of Papua. OTI/DAI supported Santa Lucia in Biak and YWL in Merauke to facilitate the establishment of Civic Fora in those districts. In Merauke, the Forum has been vocal in monitoring and supervising the budget spending and allocations.

FKP3. Along with the call for transparency in the budgeting process, the pressure from civil society for immediate progress on the formation of the MRP was also intensifying. One of the points raised in Foker's budgeting advocacy program was to postpone the use of Otsus (Special Autonomy) Fund until the MRP is established. If the Government insists on using this Fund, they must openly explain their reasons and give the public the right to disagree and debate that explanation.

This point led another OTI/DAI grantee, a women's group called FKP3, to hold conduct advocacy activities regarding the election mechanism and procedures for women's representation in the MRP. From a starting point of discussing women's representation, it was expected that this might inspire the government and the other two stakeholders (religious and adat leaders) to start thinking of mechanisms and procedures for electing their MRP representatives.

FKP3 gathered feedback from women's groups and public in general through workshops and interactive dialogues. They produced a comprehensive document for the government on the procedures and mechanisms for the election of MRP members, and recommended a set of criteria for the MRP candidates. These women's groups sent a delegation to formally submit this document to the government, DPRP, the religious organizations, and the PDP, all of whom responded to the work of FKP3 quite positively. Using local media, FKP3 also informed the public of the results so that they could be aware of the ongoing debates.

UNIPA. OTI/DAI supported UNIPA to hold a workshop on Natural Resources Management, with special focus on indigenous rights within the framework of Special Autonomy. This workshop was highly appreciated by the Governor of Papua, who opened and attended the event in Biak. He encouraged the workshop to produce some draft Perdasus/ Perdasi (regional laws) in Natural Resource Management that reflected the issues of indigenous rights. The Governor even indicated his serious attention to the issue by assigning two high- ranking staff members to participate in the workshop. The workshop went well and has produced recommendation papers for the Provincial Government as the basis for Perdasus/Perdasi on the above topic. UNIPA has also approached OTI to support a follow-up program to lobby provincial offices, presenting and socializing the results of the workshop.

LP3BH Manokwari. OTI/DAI has funded local NGO LP3BH to gather adat (traditional leaders’) perspectives on the MRP through workshops and interactive dialogues. It is expected that this initiative might inspire provincial and other district governments to begin discussion with the adat community in their area about the MRP. We expect this activity to contribute to that debate by producing more concrete documentation of the adat perspective on the MRP. All input received will be submitted to the provincial government for feedback in socializing the establishment of the MRP.

(2) Human Rights

OTI/DAI has developed a program with Kontras Papua to support improved human rights practices as mandated in the Special Autonomy Bill. Kontras held workshops and interactive dialogues (aired on local radio and television stations) to gather feedback on what mechanisms and infrastructure have to be prepared in order to allow the establishment of Komnas Ham Papua, KKR (Truth and Reconciliation Commission) and the Human Rights Court in Papua. This initiative attracted the attention of the provincial government of Papua, who assigned the Vice-Governor to attend and contribute ideas, as well as to explain the government position on those issues in both the workshop and the dialogue. The government welcomes and appreciates Kontras’ initiative on this topic and expects Kontras to follow up with a more operational concept paper for the Perda of Komnas Ham of Papua, KKR and Human Rights Court for Papua.

Future Programs

In the first half of this year the initial performance and strong commitment of Governor Solossa in pursuing special autonomy for Papua has been encouraging. However, the bureaucracy has not yet reduced their practice of corruption and nepotism, and is still not transparent and democratic in public policy formulation, so future programming needs to be more selective but assertive –if not aggressive- in developing programs for Papua. The project should focus on strengthening the skills and capacity of civil society organizations

and/or individuals in advocacy work. From our experiences this period, it appears that the skill of building alliances among stakeholders and increased networking with the 'outside world' are crucial building blocks for effective advocacy programs.

It has also been encouraging to see some political parties develop consistency in their views of certain key issues. OTI/DAI programs have brought this about through closed and intensive dialogues with NGOs, and through lobbying, hearings and workshops that invite public involvement. In light of this progress, the project may consider continuing our delayed parliament-strengthening programs at the district and provincial levels, perhaps in partnership with Papuan universities (specifically Fisip Uncen and Unipa.)

Several good governance proposals are now pending, submitted by PERDU and YAPMI in Manokwari, YAPPALVO in Sorong and UNIPA in Manokwari.

OTI/DAI also plans to develop more programs in the Bird's Head area of Papua, in recognition of the new BP project that has started there recently and will enormously affect the socio-economic and political conditions of that region in the near future.

Aceh PSI Semi-Annual Report

Background/Recent Developments

During the initial months of this period, the political and security situation in Aceh remained relatively stable. A number of armed clashes occurred, most of them in the conflict areas like Kabupaten South Aceh, West Aceh, Aceh Besar, Pidie, North Aceh, and East Aceh, resulting in several deaths. The battles in Kabupaten Aceh Besar took the life of Ayah Sofyan, the Free Aceh Movement (GAM) field commander for Kabupaten Aceh Besar. Observers and analysts of Aceh have commented that this incident could create more distrust of the dialogue process by GAM, or lead them to remain committed to violence.

On May 9-10, 2002, the Geneva-based Henry Dunant Centre (HDC) facilitated another Humanitarian Dialogue meeting between the Government of Indonesia (GOI) and the GAM in Geneva. Unlike previous meetings, this was attended by a "wise men group"; a group of distinguished international advisors including Anthony Zinni from the US, Budimar Loncar from Yugoslavia, and several senior international figures. In this meeting both parties agreed to the following :

- Accepting the NAD (Special Autonomy) law as the starting point for future discussions, leading to a democratic all-inclusive dialogue (AID), to involve all elements of Acehnese society and be facilitated by the HDC in Aceh. This process will seek feedback and review of the law by the Acehnese people in a free and safe manner, ultimately leading to the election of a democratic government in Aceh.

- To enable this all-inclusive dialogue process to take place both parties agree to work towards cessation of hostilities with an adequate mechanism for accountability of the parties to such an agreement. This will also provide the opportunity and environment for much-needed socio-economic and humanitarian assistance to the people of Aceh.

Despite the progress in Geneva, in June the political and security situation in Aceh deteriorated markedly. Major incidents included the killing of two members of DPRD from Kabupaten Aceh Besar by unidentified armed persons, a blockade of public roads by GAM in subdistrict Tangse and Geumpang in Kabupaten Pidie, the burning of around thirty public schools by a group of unidentified people in several Kabupatens, the destruction of power transmission towers by a group of unidentified people in Kabupaten East Aceh, and the kidnapping of nine Acehnese athletes and nine Acehnese ExxonMobil staff by GAM. The last incident was another GAM attack, resulting in the death of six Indonesian special air force members. These incidents and others have led the central government to reevaluate the need for continuing the next Geneva Peace Talks, scheduled in July, and to consider the implementation of a new state of military emergency in the troubled province.

Program Activities

Despite the unstable political and security situation in Aceh, OTI/DAI continued its operational support for the HDC. This included the Banda Aceh-based Security Monitoring Teams and the previous District Monitoring Teams, plus two new District Monitoring Teams established this period. OTI/DAI also continued to support the HDC's "Public Information Unit (PIU)" to increase the amount of information flowing about the dialogues to the local, national, and international media, and also supported travel and other costs of the May Geneva meetings.

OTI/DAI also continued to fund technical assistance/training programs, such as the National Democratic Institute for International Affairs' (NDI) Organizational Management Training for local NGO members in Aceh. This training aimed to enhance the knowledge and skills of the participants in organizational management, strategic program planning, financial management (budget analysis and basic accounting,) and in fundraising principles and techniques. Also, OTI/DAI funded a local group, Koalisi NGO HAM, to conduct a series of trainings for human rights and other local NGOs in developing and maintaining databases. Finally, as part of the ongoing civil society capacity-building program, OTI/DAI supported leadership and office management training for informal community leaders drawn from traditional fishermen's organizations from all districts of Aceh.

To promote and support the issue of gender equalization, OTI/DAI worked with MISPI (Mitra Sejati Perempuan Indonesia / The True Partner of Indonesia Women) to carry out a seminar on the role of female ulamas (muslim clerics) in Aceh. The seminar was aimed at empowering female ulamas in Aceh and developing the means to create gender balance within the Acehnese Ulamas Council.

Like many parliamentarians in other regions in Indonesia, parliamentarians in Aceh still lack skills and knowledge on budgeting and other issues related with the budget. This lack of capacity prevents them from properly analyzing and criticizing the budget submitted by the local government in each budget year. To improve the parliamentarians' skills and knowledge, OTI/DAI funded the School of Economics at Aceh's Syiah Kuala University to carry out a workshop on budgeting.

OTI/DAI also continued to develop programs regarding the implementation of Special Autonomy or the NAD Law. OTI funded PPISB (Pusat Penelitian Ilmu-ilmu Sosial dan Budaya / Centre for Social Research and Cultural Studies) at Syiah Kuala University to conduct a Forum/Dialogue on the Implementation of Direct Elections for Mayors and Bupatis in the province. This forum aimed to bridge the varying interpretations of the law, which mandated such elections, and to derive a

clear and precise conclusion on its implementation process. OTI/DAI also funded Balai Syura Ureng Inong Aceh (Forum for Aceh's Women) to carry out a series of public discussions on draft Qanun (local implementing regulations of Special Autonomy) on the same topic.

To promote and create democratic or public participation and transparency in the process of drafting and reviewing the Qanuns more generally, OTI/DAI funded Yayasan Ukhuwa (Ukhuwa Foundation) for a series of public discussions and hearings on several selected draft Qanuns. OTI/DAI supported the Centre on Electoral Reform (CETRO), to conduct a public awareness program on direct election of Governor, Mayor, and Bupati in the province of Nanggroe Aceh Darussalam. Finally, OTI/DAI worked with YP HAM (Human Rights Care Forum) to set up a team of local and national experts to draft Qanun on the new Nanggroe Aceh Darussalam Police force.

In terms of humanitarian assistance, OTI/DAI funded Phase II of a program of the international NGO ICMC (International Catholic Migration Committee) to reduce the vulnerability of female headed household in Aceh. This program aims to revitalize the economies of the most at-risk households negatively affected by the on-going conflict.

North Maluku SEMI ANNUAL PSI Project Report January – May 2002

Background/ Recent Developments

The conflict in the province of North Maluku began in August 1999 with a territorial dispute between the Districts of Kao and the new District of Malifut, which led to 16,000 Malifut Muslim IDPs relocating to Ternate and Tidore islands in October 1999. Also, displaced Muslims from the Maluku conflict (mainly from Ambon) began arriving in Ternate and Tidore from January–October 1999. In November 1999, Christian residents of Ternate Island were driven out and fled to Tobelo, Bacan, and North Sulawesi. After arriving in Tobelo, Christian IDPs from Ternate galvanized Tobelo residents into attacking fellow Muslim residents. These Tobelo Muslims then fled to Galela and at this point the conflict spread to all of North Maluku province. The provincial government estimates that 2,100 people died in the conflict, while international NGOs estimate between 3,000 to 5,000 were killed. Approximately 150,000 Muslims and Christians were displaced from their homes, with up to 50,000 leaving North Maluku province.

In early 2001, the provincial government began a concerted effort to facilitate the return of IDPs. Following high level visits by representatives of foreign governments and multilateral institutions, including the United States, Denmark, UNDP, and Japan, foreign donors agreed to provide funding to support local government efforts to return IDPs. Also, the Government of Indonesia provided approximately \$2 million to build barracks and sanitation facilities for returnees; support that when combined with donor assistance encouraged IDPs to begin returning in significant numbers. Some communities, like North Ternate and Loloda, requested that the education office in North Maluku Province start to construct school buildings and provide more teachers. To date, although there have been significant returns to certain parts of North Maluku, Ternate remains a sticking point and there are still approximately 35,000 Muslims living in displacement sites there. Beyond these initial efforts, unless greater normalcy is restored in home communities (rebuilding of homes, schools, and other public facilities, as well as provision of basic needs such as health, nutrition, and water/sanitation facilities), there is great potential for IDPs to remain in their area of displacement.

The political situation surrounding the problematic gubernatorial election remains unclear and the continued wrangling over the position is negatively impacting the local government's ability to address pressing issues related to IDP return and resettlement. The Central Government (Ministry of Home Affairs) has annulled the previous two elections conducted in July 2001 and March 2002. Based on Presidential Decision No. 54/M/2002, the current acting Governor, Sinyo Harry Sarundajang, is tasked to conduct another election process in consultation with the DPRD.

Program Activities

OTI/DAI activities in North Maluku have focused largely on housing reconstruction and rehabilitation of community infrastructure, dissemination of information for displaced persons, and the promotion of dialogue on the internally displaced peoples (IDP) return process.

Since January 2002, OTI/DAI has supported the reconstruction of approximately 2,800 houses in North Maluku. The program worked with the local government and provided basic building materials for returning IDPs and community members whose homes and facilities were destroyed in the conflict. Through grants to international relief organizations such as ACF, Cardi, and WorldVision, OTI/DAI has also rehabilitated schools, health posts and distributed income-generation kits.

Information dissemination is also a key part of the North Maluku program, since many IDPs do not have access to objective news information regarding opportunities for return to their homes of origin. OTI/DAI grants have funded newspaper distribution and journalist visits, as well as "go-and-see" visits for the refugees themselves. The Indonesian Red Cross distributed over 4,000 newspapers weekly to IDP camps in nine locations, after the newspapers are screened for sensationalist or inflammatory content.

In terms of dialogue on the IDP return process, OTI/DAI sponsored two dialogues involving multiple stakeholders in April and May 2002. Participants discussed lessons learned and proposed recommendations to increase the returns of IDPs. An additional inter-province dialogue in June developed a coordinated action plan for the overall return program, and performed a critical analysis of the National Policy on IDP Management. Participants included the local governments of North Sulawesi and North Maluku, IDP representatives, donors, UN, advocacy NGOs, and people's organizations.

Finally, the OTI/DAI program has focused on increasing the capacity of the local Indonesian Red Cross to take a more active role in the response to IDPs and other violence-affected populations.

Future Programs

The project will continue to assist IDP returns from North Maluku and Ternate, and may provide more infrastructure rehabilitation support for those communities. Additionally, future programs will focus on the prevention and mitigation of tension and conflict between the IDPs and host communities in North Maluku.

Central Sulawesi SEMI ANNUAL PSI Project Report January – May 2002

Background/ Recent Developments

For the last four years there has been a severe sectarian conflict in Poso Regency, Central Sulawesi. The conflict started in 1998 and escalated in April and May 2000, with further violent flare-ups in June, July and November 2001. Over the past two years the sectarian violence has claimed approximately 170 lives, with tens of thousands of people displaced and massive damage to houses, mosques, churches, school facilities and other community infrastructure. Governance systems have been severely disrupted in Poso as most local civil servants and parliamentarians fled Central Sulawesi or became part of the regency's IDP population.

The Malino Declaration (MD) that was signed on December 2001 by approximately 50 representatives of the two conflicting sides has been a significant milestone in curtailing the violence. However, in reality the situation has been physically controlled largely through deployment by the central government of additional security forces. Thus, although local residents have high hopes for the current cessation of hostilities in the area there appears to be little confidence that the conflict is truly over. IDPs have started returning to their places of origin while other people have moved to resettlement sites through the government's transmigration program. While some returnees have stayed in their villages, other returning IDPs have chosen to go back to areas of displacement. In many cases this latter group of people has expressed concerns about the durability of the current security situation and link it to the on-going presence of military and Brimob (Police's mobile brigade) forces. Security remains the top priority for any return movement, in particular for Christian communities.

Despite a generally positive view of the Malino Declaration, many people have expressed doubts about its effectiveness as a long-term reconciliation and peace vehicle. The MD's impact depends on three factors: the presence of military contingents and their ability to keep the peace; the on-going presence of outsiders (in particular the Laskar Jihad) who may choose to continue to inflame the conflict; and, the lack of capacity of the working group established to implement parts of the MD. Also, many social problems are presenting themselves in the aftermath of the Malino Declaration, in particular those issues linked to the large IDP population. While some people have begun to return to their places of origin, for a variety of reasons many IDPs are not willing to return -- including the lack of proper shelter and continuing fears that they might be attacked again. Underlying all of these problems is a sense the hatred between the conflicting parties runs so deep that peace and reconciliation will be a very long-term and difficult process.

In recent months Poso Regency has more or less stabilized and there is a perception that life is returning to a more normal state. There continues to be a large IDP population in the region but many government civil servants, both Moslems and Christians, have returned to their offices. Despite the reduction in security personnel that began in May, there have not been sustained outbreaks of violence. That said, the situation is still volatile and uncertain as witnessed by two incidents in the past month. On June 5 a bomb exploded on a public bus traveling between Palu and Tentena, killing 5 people and injuring 16. The second incident occurred on June 9 when a recently returned IDP was killed in the village of Kayamanya, Poso Town. The incidents, whether purely criminal or not, were indications of the ongoing difficulties in implementing the Malino Declaration peace accord and make it more difficult for the local government to convince IDPs to return to communities of origin in Poso Regency.

Program Activities

The OTI/DAI response to the situation in Central Sulawesi has focused largely on the following three areas: the role of media in conflict; recovery programs for returning IDPs; and conflict resolution between the Christian and Muslim communities.

In terms of media programs, OTI/DAI has purchased equipment and provided training support for Radio Nebula and other stations in the Palu and Poso areas. Increasing their broadcasting range and the quality of their broadcasting is an important way to disseminate accurate information about the Malino Declaration and other issues. Another grant funded a visit of the Alliance of Independent Journalists in Indonesia (AJI) and Internews to do an assessment of the media needs in the region. Finally, OTI/DAI also conducted a Communicating for Humanity training program with local civil society leaders. This unique curriculum coordinates provides informal leaders (religious, activist and community-based) with the knowledge and tools to engage the media positively in pre- and post-conflict situations.

The recovery programs for IDPs have largely been implemented through grants to international NGOs such as Mercy Corps, CARE and CWS. Shelter provision, livelihood packages (seeds and tools), water and sanitation and basic health facilities in IDP areas were the focus of these grants.

A large part of the Central Sulawesi grant portfolio has focused on conflict resolution. OTI/DAI has funded local NGOs to carry-out a peace campaign, producing bi-weekly "Peace Message" bulletins, focusing on the terms of the Malino Agreement, to be disseminated in IDP areas. Additionally, in collaboration with the British Council, OTI/DAI carried out a conflict resolution workshop/training with local civil society members and government (specifically members of the government's Reconciliation team of Central Sulawesi and members of the police.)

Future Programs

Future grants will focus on conflict prevention, mitigation and resolution activities. Possible target interventions include school reconstruction, more peace campaigns, and further communication for peace trainings.

West Timor SEMI ANNUAL PSI Project Report January – May 2002

Background/ Recent Developments

Conditions in East Nusa Tenggara (NTT) province, particularly in West Timor, deteriorated considerably after the August 1999 referendum in East Timor. First, the region was confronted with an influx of 250,000 East Timorese refugees – nearly half the total population of West Timor itself. This influx, coupled with natural disasters that claimed lives and worsened public morale, put further strains on the region's already scarce resources. Second, NTT found itself as a frontier province (bordering UN-administered East Timor) and began to experience the negative impact of the added military presence brought on by this changed status. Finally, the September 2000 killing of three UNHCR workers in Atambua resulted in the evacuation of all international relief organizations from West Timor and international condemnation of the way Indonesia handled the incident.

While these factors have created tension throughout NTT, they are most evident in West Timor, where today approximately 50,000 East Timorese refugees remain there. There is continued competition for scarce resources and some degree of conflict between refugees and local residents has erupted in some areas. Also, the continued presence of East Timorese pro-integration militia members and the tacit collusion by the Indonesian military threatens the fragile calm that had existed previously. The provincial government has done a commendable job in handling the humanitarian situation but is running out of time and resources to continue its efforts.

After two years of support, the government stopped its humanitarian assistance in January 2002. The funding termination has raised various concerns and protests, in particular among the refugee community. One of the more significant developments in the past few months is the much more direct role being played by the TNI in handling on-going refugee repatriations. With this increased TNI role and the perception that the situation in East Timor is stable, there was a large upswing in returns during March 2002 and the repatriation figure for that month was nearly 4,000 people. Helped by the successful presidential election in East Timor in mid-April, the upsurge continued this month and by the end of April another 6,000 refugees were returned to East Timor.

The Indonesian government is currently targeting August 2002 as the final date for organized repatriations and the GOI appears intent on accelerating the return process to the greatest extent possible. The authorities have announced a plan to begin dismantling all refugee camps after July 2002 and per recent policy statements will begin a resettlement project that moves remaining refugees out of West Timor to places such as Kalimantan, Sumba and Wetar Island (Maluku province). During a Bali meeting in March 2002 the GOI and several international agencies (including the UN, INGOs, and local NGOs) stated a willingness to assist the resettlement process as well as to resolve the outstanding pension issue for Indonesia's government employees who are ethnic Timorese and want to return to East Timor.

Program Activities

Since the September 2000 murders of three UN staff in Atambua and subsequent restriction of travel for USAID personnel outside of Kupang (the provincial capital,) OTI/DAI's work in West Timor has been somewhat limited. In the last six months, grants have focused on the following areas: providing accurate information to refugees; conflict mitigation/resolution; and strengthening the capacity of local human rights organizations.

Refugees' access to accurate information has been a key factor in the increase in returns to East Timor. OTI/DAI grants in this area have included an information dissemination program through Catholic Relief Services (CRS), which distributes four Dili-based newspapers weekly in West Timor. OTI has also funded several visits of West Timorese journalists to East Timor. They collected newsworthy information from districts outside of Dili (primarily the eastern districts from where many of the Kupang-based refugees originate.) Their stories focused mostly on local community issues and the communities' acceptance of returnees from West Timor. Another program focused on increasing the capacity of the local West Timor media in conflict reporting. An initial media needs assessment was followed in April by a training workshop for the print and broadcast media community. Finally, through a grant to a local NGO, OTI/DAI funded a weekly news bulletin and radio dialogue to promote reconciliation and repatriation. The program targets the refugee community and local government officials.

In terms of conflict mitigation/resolution, OTI/DAI has supported a variety of activities. The program has worked with local women's NGOs to increase women's participation in, and initiation of, conflict transformation efforts. The program has also produced Public Service Announcements (PSA) which broadcast reconciliation messages on eight local radio stations. The content of the PSAs was based on the results of the local journalist visits to East Timor, as described above.

Activities in support of human rights in West Timor have focused largely on increasing the capacity of local human rights organizations. One such NGO, Lakmas CW, has conducted advocacy between communities on either side of the West/East Timor border. Important issues identified through these include a lack of formal decrees on border normalization, and the need to explore using customary law to resolve local conflict affecting both sides of the border. Additionally, OTI/DAI supported a women's NGO to increase awareness on gender-based violence and other human rights violations in that region, with specific focus on military personnel.

Future Programs

OTI/DAI is scaling back its programs in West Timor, following the official independence of East Timor and the perception that the repatriation process is assuming a momentum of its own that no longer requires great attention from OTI. Future, limited programming will focus largely on information dissemination in areas that continue to host large numbers of refugees.

Maluku SEMI ANNUAL PSI Project Report January – May 2002

Background/ Recent Developments

The province of Maluku has experienced sporadic phases of civil unrest over the past three years. In January-March 1999 the episodes of violence started on the island of Ambon, spread to Southeast and Central Maluku in July, and continued throughout the province in December. In May through July 2000, Maluku experienced some of the worst destruction and violence, with entire villages burned to the ground. From July 2000 to the end of March 2001 there were sporadic outbreaks of violence in Maluku province, though the situation never devolved to sustained periods of fighting. Also, during this period there was an improvement in the role of the Indonesian security forces, with response time narrowing and approaches less biased in favor of one religious community or another. Nevertheless, this changed dynamic did not result in a sense of improved security among the public.

At the beginning of 2001 there were reports of forced religious conversions but these incidents appeared to dwindle by late March. During the second quarter of 2001, the security situation in Maluku visibly worsened. Tensions escalated with a new outbreak of violence and a change in the way violent acts were perpetrated. Throughout the third quarter of 2001 and into the fourth, sporadic violence continued, especially in Ambon City. There were a spate of bombings or bomb threats in or near neutral transaction points frequented by Muslim and Christian traders and patrons. These incidents suggested a new tactic to destabilize the situation; however, trade and contact between the communities was not permanently affected and members of the public frequenting these places returned to trading activities immediately following the violence. Indeed,

the message being sent by the grass roots community was that they would not be intimidated by such actions, no matter from where the acts were initiated. The year 2001 closed with the bombing of a boat carrying passengers across Ambon Bay and the burning of Ambon City parliament building. Fortunately, there were no further incidents during the subsequent holiday period.

To date the most important event of 2002 has been the signing of the **Malino Declaration** in South Sulawesi, containing a pledge to stop the violence and support socio-economic development in Ambon. With signatures of two high ranking cabinet ministers and more than 20 Christian and Muslim leaders from the province, the Malino Declaration represents the first time that the central government has taken such an initiative to end the conflict. Initial reactions to the agreement were euphoric -- Muslims and Christians began to freely cross over into bordering neighborhoods in Ambon and were welcomed by the residents for the first time in over three years. However, the elation was short-lived. On April 3, a bomb was thrown from a passing vehicle into a busy commercial area in Ambon City and there were a number of deaths and serious injuries. Citizens from the area of the blast reacted violently by marching to the governor's complex and setting fire to the building. Further violence ensued later in the month in various areas of Ambon. The violence continued into May, sparked in part by the arrest of Jaffar Umar Thalib, the head of Laskar Jihad.

Fortunately, the month of June was largely quiet throughout Maluku. The most important development during this period was the reopening of the Ambon City to Passo road to public transport, with Christians traveling the route on a daily basis through Muslim areas. The road was closed during April and May as a result of the violence during those months. A visit by Vice President Hamzah Haz at mid-month went off without incident. A new set of procedures for foreigners wishing to travel to Ambon was issued on the same day as the Vice President's visit. The new procedures are much more stringent and bureaucratic, sparking complaints from international humanitarian organizations trying to work in the troubled province.

As a result of the violence since 1999, over 300,000 people have been displaced from their homes. Most of these IDPs have taken refuge within the region or fled to camps in provinces such as North and South Sulawesi. Some have turned up as far afield as East Nusa Tenggara and Papua.

Program Activities

The OTI/DAI program approach in Maluku in the last six months continued to focus on the expansion of neutral space in conflict-affected areas like Ambon city, an increase in positive interactions between Muslims and Christians, and removal of obstacles to voluntary IDP returns to their home communities.

In terms of the expansion of neutral space and an increase in positive interaction, OTI/DAI has funded several significant activities. The project has continued to support a joint NGO Resource Center in Ambon, funded the Ambon Public Library to increase space and resources for interfaith patronage, and provided equipment and building materials for an integrated senior high school on Ambon Island. The program has also worked with Baku Bae, a local inter-religious conflict transformation movement, providing resources to establish a secretariat for the organization, and improvement of facilities of the temporary campus of Pattimura University, where Christian and Muslim students attend together.

Programs supporting voluntary returns of IDPs have been carried out in partnership with international organizations such as Mercy Corps and ICMC. These grants have ranged from informed decision-making programs, where IDPs are provided with objective information about conditions in their home communities, to removing barriers to return in Seram Island and empowering IDP women to work together to reduce their vulnerability.

Finally, over thirty-five local organizations in Maluku received capacity building grants of office equipment and other materials.

Future Programs

OTI/DAI will hold trainings to strengthen the Ambon City parliament, both Christian and Muslim members, focusing on increasing their capacity to monitor the government's implementation of the Malino peace accord. Similar programs will continue to focus on increasing the capacity of local government and non-governmental organizations to implement Malino, including advocacy skills building for local NGOs. Additionally, OTI/DAI is planning two new grants with the Baku Bae movement, one to conduct a public opinion survey regarding reopening the remaining stretch of closed road from Passo to Leihitu and one to hold an action planning session with the traditional community leaders in towns located along this stretch of road as to how best to reopen the road sustainably and safely.

Implementation Challenges

The three month period for the gradual closeout of the SWIFT contract became a fruitful source of information for identifying different aspects of the implementation procedures that could be adjusted to incorporate the lessons learned during the life of the SWIFT contract. As a result of these observations we established some goals to be targeted in the first months of the PSI contract.

Our initial efforts were oriented to strengthen the coordination among the different departments. With that purpose in mind we held a series of meetings involving the Grants Managers, the Logisticians and the Accounting Department. The outcome of these meetings was a more streamlined implementation procedure that freed up some capacity allowing us to attempt a more strategic and less reactive performance. New spreadsheets introduced in the Accounting Department eliminated some steps in the grant payments procedure; a new system based on assignments distributed responsibilities effectively and facilitated the flow of information among departments; new guidelines consolidated our procedures implementing the in-kind mechanism and adapting our practice to the fluctuating security environment.

The new TAMIS that Management Information Systems Development Specialist Tanya Torres developed for the PSI project based on the needs and suggestions of DAI staff has become an indispensable tool for monitoring and tracking from different angles our grant implementation performance.

All these adjustments were introduced at the same time we were facing the massive effort to close out all activities funded under the SWIFT contract. Eighty-two Civil Society Capacity Building Grants were approved in the first months of 2002 to enable the grantees to increase their ability to meet current programmatic objectives. This distribution of needed supplies and equipment faced many challenges. The coordination with the different forwarders and a coherent schedule of deliveries was crucial to meet the deadline especially in Papua due to the distances and transportation facilities.

In Maluku, a bomb was thrown from a passing vehicle into a busy commercial area in Ambon city on April 3 and there were a number of deaths and serious injuries, then citizens marched to the governor's complex setting fire to the building. These episodes of violence hinder DAI from distributing the equipment directly to the respective awarded grantees. Consequently DAI had to store this equipment in a warehouse located in the neutral area. Our hired staff in Ambon then proceeded to implement a gradual distribution adjusting the pace to the evolution of the fluctuating security environment that DAI was following on daily basis.